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TRADE AND DEVELOPMENT BOARD

COMMUNICATION TO THE TRADE AND DEVELOPMENT BOARD

The attached Declaration of the Group of 77 and China on the Fourth WTO Ministerial Conference was adopted by consensus on 22 October 2001. It is circulated at the request of the Chairman of the Group of 77 and China in Geneva.

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Declaration of the Group of 77 and China on the Fourth WTO Ministerial Conference at Doha, Qatar

1. The Group of 77 and China support the rules-based multilateral trading system (MTS) as one of the essential instruments for the promotion of economic development, the facilitation of developing countries' integration into the global economy, and the eradication of poverty worldwide. We recognise the critical importance of the rules-based multilateral trading system and of transparent decision-making process in the WTO managing globalisation and reducing the scope for unilateral actions.

2. Developing countries have a clear interest in strengthening the system in a manner that promotes their development. In many respects multilateral rules need to be improved to become more responsive to the trade and development interests of developing countries and to achieve equitable objectives.

3. Due to the systemic shortfalls in the international economic and trading system, a large majority of the developing countries have, so far, failed to accrue a share in the global economic prosperity. Moreover, the global economic slowdown/recession is going to affect all including most seriously the developing countries and the poorest among them.

4. In the above context, we note with great concern that the benefits of the existing multilateral trading system continue to elude developing countries. Progress towards full liberalization in sectors of particular interest to them is lagging behind, and significant imbalances between rights and obligations exist in multilateral trade agreements (MTAs), as well as in conditions of market access. In this regard, the decreasing participation of developing countries in the world trade should be urgently addressed. Addressing these asymmetries and the development deficit should receive primacy in all future work programmes in WTO since the key to sustained global economic growth lies in unlocking the potential growth of developing countries. The development dimension must be fully incorporated into the MTS.

5. We express deep disappointment on the lack of any meaningful progress on implementation issues, despite a clear consensual decision in May and December 2000 by the WTO General Council to address and adopt decisions no later than the 4th Ministerial Meeting. We note that the developing countries have identified 104 implementation issues which emanate from the inadequate or faulty implementation of agreements, in letter and spirit; those arising from incorrect interpretation of the provisions of those agreements; and those which arise from inherent asymmetries and imbalances within the WTO agreements. We reiterate the need for full and faithful implementation and the redressal of existing imbalances arising from the Uruguay Round Agreement, which is an important step towards confidence building and restoring the credibility of the multilateral trading system and, therefore must be meaningfully resolved, with urgency before the 4th Ministerial Meeting and without any extraneous linkages.

6. We note that the Uruguay Round Agreements have not resulted, as promised, in greater market access to the developed countries' markets for the exports of developing and

least developed countries. The continued existence in developed countries of tariff peaks, tariff escalations and other non-tariff barriers such as arbitrary and complex rules of origin, technical barriers to trade, and sanitary and phytosanitary measures used for protectionist purposes, as well as abuse of the so called trade remedies such as anti-dumping, countervailing duties and safeguard actions particularly in sectors of interest for developing countries including textiles and clothing, agriculture and other agro-industrial products has had a serious negative impact on the trade and development prospects of the developing and least developed countries and has prevented these countries from reaping the benefits of trade liberalization. The Ministerial Meeting in Doha should address the negative impact of these measures on market access opportunities for developing countries with a view to their elimination.

7. We believe that since the Special and Differential (S&D) provisions in the existing UR agreements, are mostly in form and not in substance, WTO Agreements should take into account the special development needs of developing countries, including LDCs, in a more meaningful and effective manner and call upon developed countries to urgently undertake positive measures to respond to the development, financial and trade needs of developing countries without reciprocal obligations. It also needs to ensure their effective applicability in terms of the intended objectives, by making those provisions more precise and effective. These provisions need to be legally binding and must be operationalised and made enforceable so that these do not remain merely "best endeavour clauses." The members should agree to conclude a Framework Agreement on the S&D Provisions.

8. The on-going mandated negotiations in the areas of Agriculture and Services as well as mandated reviews need to result in improved market access opportunities and more fair and equitable rules for developing countries. We urge the Doha Ministerial Conference to redouble efforts in this regard.

9. Trade in agriculture has been hitherto characterized by high levels of protection through the use of high level of subsidies and a range of tariff and non-tariff barriers in the developed countries. Deeply concerned by the lack of progress on the on-going mandated negotiations under article 20 of the AoA, we stress the need for the 4th Ministerial Conference to take the necessary decisions for achieving the fundamental reform of agriculture, leading to its incorporation into the rules and disciplines of the WTO, through:

- The adoption of effective modalities for eliminating the trade and production-distorting measures as well as the trade impeding impact of such instruments on developing countries' exports in agriculture;

- Developed countries' undertaking to eliminate tariff peaks, tariff escalations; to substantially reduce bound tariffs; to substantially reduce domestic support; and to eliminate all forms of export subsidies. An improved differential and favourable treatment which is operational, effective and binding, is critical to promote the development potential of agriculture in the developing countries;

- The redressal of the inequitable nature of existing provisions of the Agreement on Agriculture. In this regard the proposal by developing countries on "Development Box" should be included in the provisions of a renewed and more equitable agreement as well as other proposals made by developing countries on S&D and the concerns of single commodity producers and SIDS. Proposals made by developing countries on non-trade concerns–namely food security and rural development shall also be addressed. As agreed, the appropriate mechanisms should be established to ensure the implementation of the commitments made in the Decision on Measures in favour of Net Food importing Developing Countries and LDCs.

10. Trade preferences remain crucial in increasing developing countries shares in international trade and they should be meaningful and not tied to non-trade conditionalities.

11. We note with deep concern the substantial lag in the participation of developing countries in the trade in services. The ongoing mandated negotiations on trade in services shall be conducted on the basis of progressive liberalization as a means to promote the economic growth of all trading partners and the development of the developing countries. We, therefore, re-affirm the importance of the Guidelines and Procedures for Negotiations adopted by the Council for Trade and Services on 28th March 2001 (document S/L/93), which shall form the basis for continuing the negotiations with a view to achieving the objectives of the General Agreement on Trade in Services, as stipulated in the Preamble, Article IV and Article XIX of that Agreement.

12. We consider that negotiations should make operational the provisions under the TRIPs Agreement relating to the transfer of technology, to the mutual advantage of producers and users of technological knowledge, and seek mechanisms that allow for the disclosure of the sources of traditional knowledge and genetic resources used in inventions, in order to achieve a fair and equitable sharing of benefits. In this regard, the TRIPs agreement should be supportive of and not run counter to the objectives and principles of the CBD with view to ensuring the protection of biological resources and to promote disciplines to protect traditional knowledge and genetic resources. The TRIPS review shall fully take into account the developmental dimension and during the course of this review members should agree not to invoke dispute settlement procedures against the developing countries.

13. We affirm that nothing in the TRIPS agreement should prevent governments from taking measures for protecting public health and nutrition as well as from ensuring affordable access to essential medicines and life saving drugs in keeping with public health concerns of developing countries.

14. We underline the importance of the review of the Agreement on Trade Related Investment Measures and reiterate that appropriate amendments in the TRIMS Agreement are necessary for developing countries to enable them to pursue their goals for development and rapid industrialization including indigenisation. We also stress that there should be a positive approach to requests for further extension of the transition period for developing countries under the TRIMS Agreement and in accordance to the 8 May 2000 Decision by the General Council. We further affirm that there should not be any expansion in the list of the measures

covered by the disciplines of the TRIMS Agreement and during the course of the review members should agree not to invoke dispute settlement procedures against the developing countries.

15. There is an immediate need for a meaningful integration of the textile and clothing sector, in view of very limited liberalization of trade, affecting items under specific quota restraints and meaningful increase in access possibilities for small suppliers from developing countries. Measures in this regard should include, *inter alia*, accelerated liberalization through removal of restrictions in accordance with the ATC and application of moratorium on antidumping, anti-subsidy and safeguard measures resorted to by industrialized countries.

16. Measures to address implementation and mandated negotiations including the review of various WTO agreements already constitute a broad agenda for work. We recognize that issues such as trade and investment, competition, transparency in government procurement, trade facilitation, are important. However, any decision to conduct negotiations on these issues in WTO should be on a consensual basis and would need to be carefully assessed in respect of any implication on developing countries and their capacity to engage in negotiations. Furthermore, proposals of the developing countries to redress the development deficit in WTO must constitute first priority for any additional negotiations.

17. We note that developing countries have highlighted some issues like trade and debt, trade and finance and trade and transfer of technology in the preparatory process for Doha and earlier Seattle. The establishment of mechanisms to meaningfully address these issues, which are of utmost concern to developing countries, should be urgently considered.

18. We consider that developing countries continue to be constrained among others by limited technical and institutional capacities to fully adapt their national laws and fulfil their obligations as required and take full advantage of the provisions of the multilateral trade agreements. We urge developed country members of the WTO to fulfil their obligations and undertakings with regard to capacity building and other technical assistance support to developing and least developed countries in letter and spirit. There is a need to enhance and ensure the provision of necessary resources on a predictable and regular basis and that technical cooperation activities should be funded from the regular budget of the WTO. We call for strengthening technical assistance and capacity building activities of WTO, the international agencies of United Nations and other relevant organizations. Technical assistance should not be subject to conditionalities.

19. We stress the importance for all countries of consistency between national trade policies and the multilateral trade agreements. In this regard, we reiterate our concern and call for the elimination of the continuing use of coercive economic measures against developing countries, through, *inter alia*, unilateral economic and trade sanctions which are in contradiction with international law, in particular new attempts aimed at extraterritorial application of domestic law, which constitute a violation of the United Nations Charter and of WTO rules.

20. There is an urgent need to implement the commitments undertaken in the Plan of Action adopted at the Third United Nations Conference on the Least Developed Countries (LDC III) in particular Commitment 5, "Enhancing the Role of Trade in Development" and Commitment 7, "Mobilizing Financial Resources". There should be a binding commitment to grant LDCs duty free and quota free access by the developed countries for their exports.

21. The developed countries should also give due regard to the interest of other developing countries for future improved market access commitments.

22. The Integrated framework (IF) remains a viable mandate for delivering co-ordinated trade and trade-related technical assistance to LDCs. The IF trust fund requires adequate funding and greater transparency in its implementation, including the basis for selecting beneficiary countries.

23. In view of the increasing marginalization of Least Developed Countries (LDCs) in world trade, we urge the Ministerial Conference of WTO to take into account the spirit and recommendations of the Declaration of the recently LDCs Trade Ministers Meeting held in Zanzibar, to enhance their participation in the multilateral trading system.

24. LDC applicants for WTO membership should be allowed to accede on a fast track on the basis of flexible agreed criteria and obligations commensurate with their stage of development and based on the S&D treatment in favour of LDCs. The commitments of acceding LDCs should not exceed those of LDCs currently Members of WTO.

25. We reaffirm that ILO is the competent body to set and deal with all issues relating to labour standards. We therefore firmly oppose any linkage between trade and labour standards. We are also against the use of environmental standards as a new form of protectionism. We believe that issues relating to such standards should be dealt with by the competent international organizations and not by the WTO.

26. Developing concepts such as global coherence with other intergovernmental organizations like ILO and UNEP should be cautioned against as it may be used to link trade with social and environmental issues for protectionist purposes.

27. We stress the need to address the specific problems of small economies, which are being increasingly marginalized in the multilateral trading system. Therefore, the ministerial decision should reflect the need to address the specific problems faced by small economies and to agree on a relevant work programme for them.

28. We also take note of the problems of the land-locked developing countries and SIDS emanating from the constraints due to their geographical location. Ways to address these problems should be identified.

29. We recognize that regional and sub-regional integration amongst developing countries is essential to reversing the process of marginalization and constitute a dynamic building block for their effective participation into the multilateral trading system. However, we are concerned with RTAs, involving developed countries, which discriminate against many

developing and the least developed countries. We, therefore, call for the elimination of tariff differentials that discriminate against developing countries in RTAs amongst the developed countries.

30. We take note of current work on enhancing coherence and complementarity amongst the Bretton Woods institutions and the WTO, whose policies and obligations should be mutually supportive in promoting the development objective of the MTS, especially those of developing countries, with a view to ensuring policy consistency, improved co-ordination on technical and financial assistance, improving foreign direct investment (FDI) flows, reduction of the debt burden and eradicating poverty. To this end, the imposition of cross conditionalities or additional conditions on governments shall be avoided.

31. The universality of the World Trade Organization should be achieved as soon as possible in order to strengthen the multilateral trading system. We strongly believe that appropriate assistance should be made available to developing countries seeking accession. They should be offered terms that do neither exceed nor are unrelated to the commitments of developing country and LDC members of WTO. We urge that all WTO members refrain from placing excessive or onerous demands on applications from developing countries. Therefore, there is a need for a transparent, streamlined and accelerated accession process that is in keeping with WTO rules and disciplines.

32. We recognize the very extensive market access and other commitments made by the newly acceding developing countries. This should be taken into account in future trade negotiations.

33. We call upon the need of continuing the work program on e-commerce. We also reaffirm the need to bridge the digital divide and eliminate all restrictions to the participation of developing countries and to the access to modern technologies.

34. The clarification of the applicable WTO rules to Electronic Commerce will be of interest to all Members. Future work in this context should aim to create new opportunities for the expansion of trade, and in particular, for greater participation in international trade on the part of developing countries and for their small and medium sized enterprises.

35. We reiterate the need to urgently reach a decision in WTO with regard to the request for permanent observers status that have been submitted by regional and other intergovernmental organizations from developing countries.

Geneva, 22 October 2001